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The hypothesis of the economic agents’ rationality: questioning contemporary worldviews and the cultural inheritance from modern science

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The present paper’s rationale is that there is an adequate level of knowledge at philosophical level which may elucidate the economic dilemmas faced by current societies. Yet there is the need to effectively integrate such knowledge in a practical and pragmatic manner within present institutional and political decision-making spheres. Addressing the hypothesis of the economic agents’ rationality within a broader framework of analysis enables such an exercise to be conducted, and such is the goal of the present paper. Crises have the benefit of forcing long needed change. At societal and at individual level, often external stimuli is needed in order to trigger the necessary energy to overcome inertia and accommodation. That which has become taken for granted, i.e. that which has been naturalized, suddenly becomes the object of suspicion. According to Heidegger, (following Husserl’s work on the crisis of European sciences), it is precisely at times of disruption when the ontological assumptions, or better, presuppositions which have sustained the epistemic construction of every particular science are questioned and, ideally, revised. The present paper argues that the 2008 financial crisis is an example of a bubble burst which may be explained through the use of a broader spectrum framework. Such wider perspective has been the characterising feature of institutional economics, from Granovetter’s sociological critique, and the development of the concept of social embeddedness of institutional relations, to the path dependency concept of historical institutionalism theory, from Pierson and Skocpol. Such critical insights have remained marginal to mainstream economics. However, the present proposal is to go beyond and to analyse that which is common to different scientific and non-scientific areas and that characterised the transition and emergence of modern sciences. In other words, in the 17th and 18th centuries there were still scientists who valued and who were experts in philosophical reasoning though gradually the shift was made towards that which may be quantitatively measured and mathematically formalized, at the expense of the rhetoric’s and of the informal process which sustains every knowledge creation. This movement is visible in sciences such as economics and medicine. More surprisingly, it can also be identified in areas such as theology. The argument is that the criticisms which have been voiced in relation to liberal economics are misaligned in the sense that the problem lies somewhere else and that if that puzzle is sorted out then even liberal economics may be saved, or better, reinterpreted. The

answer to this enigma is not new and it has been voiced by the philosophers of the suspect – Nietzsche, Marx and Freud – as well by scientists who had a philosophical background, such as Charles Sanders Peirce. What is needed is a mediating venue that may play the role of the translator, the interpreter, performing the exegesis of the often assumed to be sacred scientific texts.